

Message Text

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ACTION EUR-12

INFO OCT-01 AF-06 ARA-06 EA-06 NEA-09 ISO-00 ERDA-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 EB-07

FPC-01 H-02 INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01

PM-03 SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-03

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USIE-00 INRE-00 PA-01 PRS-01 /131 W

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FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 5823

INFO AMEMBASSY ABU DHABI

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C O N F I D E N T I A L SECTION 01 OF 04 OECD PARIS 05998

KUWAIT PASS BAGHDAD

E.O. 11652: GDS
TAGS: ENRG, OECD
SUBJECT: IEA: GOVERNING BOARD DECISION ON ACCELERATED
DEVELOPMENT

1. AFTER VIGOROUS TWO-DAY DISCUSSION, GOVERNING BOARD
REACHED AGREEMENT ON TEXT OF OVERALL FRAMEWORK OF
AGREEMENT PROVIDING FOR ESTABLISHMENT COOPERATIVE
POLICY ON ACCELERATED DEVELOPMENT OF ALTERNATIVE SOURCES
OF ENERGY. DELEGATIONS AGREED TO ASK GOVERNMENTS TO
CONSIDER TEXT WITH A VIEW TOWARD APPROVING IT AT NEXT
GOVERNING BOARD MEETING ON MARCH 19-20

2. AGREEMENT PROVIDES FOR ESTABLISHMENT OF COORDINATED
SYSTEM OF COOPERATIVE MEASURES, INCLUDING:
A. AGREEMENT BY PARTICIPATING COUNTRIES TO
ENCOURAGE AND SAFEGUARD INVESTMENTS IN "THE BULK OF
CONVENTIONAL ALTERNATIVE SOURCES" IN THE REALIZATION
THAT FUNDAMENTAL GOALS OF REDUCED DEPENDENCE ON IMPORTED
OIL, ETC. WILL BE AT RISK IF IMPORTED OIL IS SOLD
WITHIN THEIR ECONOMIES BELOW A CERTAIN AGREED PRICE
LEVEL. THE LEVEL AT WHICH NATIONAL MEASURES WILL BE
IMPLEMENTED TO COUNTER SUCH RISK WILL BE ESTABLISHED
ON THE BASIS OF FURTHER ANALYSIS.
B. COOPERATION IN PROVIDING SPECIFIC MEASURES OF
ASSISTANCE TO STIMULATE ENERGY INVESTMENT ON A PROJECT-
BY-PROJECT BASIS.
C. COOPERATION ON ENERGY R & D, INCLUDING JOINTLY
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FINANCED PROJECTS.
GOVERNING BOARD ALSO APPROVED INSTRUCTIONS TO STANDING
GROUP ON LONG-TERM COOPERATION TO DEVELOP BY MAY 15
DETAILED ELABORATION OF ELEMENTS AND PRINCIPLES CONTAINED
IN DECISION.

3. AS NOTED ABOVE, QUESTION OF LEVEL AT WHICH GENERAL
MEASURE OF PRICE PROTECTION WILL BE ESTABLISHED REMAINS

TO BE FIXED. BUT IT IS CLEARLY UNDERSTOOD THAT PHRASE
"IN THE BULK OF CONVENTIONAL ALTERNATIVE SOURCES"
INCLUDES SUCH MAJOR INCREMENTS TO SUPPLY AS OCS AND
NORTH SLOPE OIL. THE ACTUAL ESTABLISHMENT OF A LEVEL
WILL CLEARLY BE SUBJECT TO HARD BARGAINING, BUT THOSE

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INFO AMEMBASSY ABU DHABI

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C O N F I D E N T I A L SECTION 02 OF 04 OECD PARIS 05998

COUNTRIES WITH LIMITED FOSSIL FUEL OPPORTUNITIES HAVE
TAKEN THE LEAP AND ACCEPTED THE CONCEPT OF A COMMON
PROTECTED PRICE.

4. SWEDEN IS THE ONLY COUNTRY WHICH CONTINUES TO HAVE
SUBSTANTIAL RESERVATIONS ON TEXT. SWEDES HAVE SOME
DIFFICULTY WITH PROTECTED PRICE CONCEPT BUT THEIR
OBJECTIONS TO AGREEMENT APPEAR MORE POLITICAL THAN
ECONOMIC AS THEY EXPRESSED STRONG RESERVE OVER CREATION
OF IEA SYSTEM FOR ACCELERATED DEVELOPMENT IN ADVANCE OF
DIALOGUE WITH PRODUCERS. SWEDISH DELEGATE DID AGREE,
HOWEVER, TO RECOMMEND TEXT TO HIS GOVERNMENT.

5. ON QUESTION OF LINK BETWEEN NEED FOR SUBSTANTIAL
PROGRESS ON ACCELERATED DEVELOPMENT AND PREPARATORY
MEETING WITH PRODUCERS, GOVERNING BOARD AGREED THAT ON
BASIS OF PROGRESS REACHED ON FORMER ISSUE, DELEGATIONS
WOULD RECOMMEND TO GOVERNMENTS 1) APPROVAL OF
ACCELERATED DEVELOPMENT TEXT AND 2) ACCEPTANCE OF
FRENCH INVITATIONS TO PREPCON BY THOSE GOVERNMENTS WHO
HAVE RECEIVED THEM. TWO QUESTIONS WILL THEN BE
ADDRESSED FOR FINAL APPROVAL AT MARCH 19-20 MEETING.

6. FOLLOWING IS TEXT OF G.B. DECISION:

BEGIN TEXT

THE GOVERNING BOARD:

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1. HAD A FURTHER SUBSTANTIAL DISCUSSION OF A COOPERATIVE APPROACH TO THE ACCELERATED DEVELOPMENT OF ALTERNATIVE ENERGY SOURCES. DELEGATIONS AGREED THAT IT IS NECESSARY TO SUBMIT TO GOVERNMENTS OF PARTICIPATING COUNTRIES A POLICY CONCEPT AND THAT THIS CONCEPT SHOULD BE DECIDED UPON AT THE NEXT MEETING OF THE GOVERNING BOARD.

2. THIS CONCEPT SHOULD OUTLINE THE BASIC PROGRAM NEEDED TO IMPROVE THE ENERGY SUPPLY SITUATION OF THE IEA COUNTRIES. IT IS UNDERSTOOD BY THE GOVERNING BOARD THAT THIS SYSTEM WILL HAVE TO BE ELABORATED IN DETAIL AND THAT SUCH AN ELABORATION MAY SHOW THE NEED FOR MODIFICATION OF THE CONCEPT IN ORDER TO ACHIEVE THE OVERALL OBJECTIVES OF THE PROGRAM. IT IS UNDERSTOOD BY THE GOVERNING BOARD THAT IN THE ELABORATION OF THIS SYSTEM DEVELOPMENTS IN THE PRODUCER/CONSUMER DIALOGUE WILL BE TAKEN INTO ACCOUNT AND THAT MODIFICATIONS MAY BE ADVISABLE.

3. DELEGATIONS AGREED TO ASK GOVERNMENTS TO CONSIDER THE DRAFT DECISION AT ANNEX WITH A VIEW TO APPROVING IT.

DRAFT OF A DECISION ON ACCELERATED DEVELOPMENT
OF ALTERNATIVE ENERGY SOURCES TO BE SUBMITTED
TO GOVERNMENTS OF PARTICIPATING COUNTRIES OF
THE INTERNATIONAL ENERGY AGENCY

THE GOVERNING BOARD:

RECALLING ARTICLES 41 AND 42 OF THE AGREEMENT AND
THE CONCLUSIONS OF ITS MEETING OF 5TH TO 7TH FEBRUARY,
1975 THAT:

I. IN ORDER TO CONTRIBUTE TO THE SECURITY OF THEIR
ENERGY SUPPLY, TO THE REDUCTION OF DEPENDENCE
ON IMPORTED OIL, AND TO MORE STABLE CONDITIONS

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C O N F I D E N T I A L SECTION 03 OF 04 OECD PARIS 05998

IN THE WORLD OIL MARKET, THE PARTICIPATING
COUNTRIES WILL DEVELOP COOPERATIVE MEASURES
AIMED AT STIMULATING THE DEVELOPMENT OF ALTER-
NATIVE ENERGY SOURCES;

II. THESE MEASURES SHOULD PROVIDE A BALANCE OF
ADVANTAGE BETWEEN PARTICIPATING COUNTRIES WITH
SUBSTANTIAL ENERGY RESOURCE POSSIBILITIES AND
THOSE WHOSE ENERGY OPPORTUNITIES ARE MORE
LIMITED;

DECIDES:

1. THAT THE OBJECTIVES OF THIS COMMON COOPERATIVE
PROGRAM WILL BE:

(A) TO INCREASE ENERGY INVESTMENT AND PRODUCTION
WITHIN IEA COUNTRIES AND OUTSIDE;

(B) TO ADD TO THE SECURITY OF ENERGY SUPPLIES OF
THE IEA COUNTRIES;

(C) TO CONTRIBUTE TO THE STABILITY OF THE WORLD
ENERGY MARKET;

(D) TO SUPPORT THE CONSERVATION OBJECTIVES ALREADY
DECIDED ON.

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2. THAT, IN FURTHERANCE OF THESE OBJECTIVES, THREE
INTER-LINKED COOPERATIVE MEASURES SHOULD BE ADOPTED:

- AGREEMENT TO ENCOURAGE AND SAFEGUARD INVESTMENTS
IN THE BULK OF CONVENTIONAL ALTERNATIVE SOURCES.
THIS AGREEMENT SHOULD ALSO CONTRIBUTE TO STIMU-
LATING INVESTMENT FOR THE DEVELOPMENT OF ENERGY
SOURCES OUTSIDE THE IEA COUNTRIES. PARTICIPATING
COUNTRIES REALIZE THAT THE FUNDAMENTAL GOALS OUT-
LINED IN I ABOVE WILL BE AT RISK IF IMPORTED OIL

IS SOLD WITHIN THEIR ECONOMIES BELOW A CERTAIN AGREED PRICE LEVEL. PARTICIPATING COUNTRIES WILL ESTABLISH THE LEVEL AT WHICH MEASURES OF THEIR OWN CHOICE WILL BE IMPLEMENTED TO COUNTER SUCH RISK. THIS LEVEL WILL BE ESTABLISHED ON THE BASIS OF FURTHER ANALYSIS, TAKING INTO ACCOUNT THE PROSPECTIVE DEVELOPMENT OF THE WORLD OIL SITUATION, AND RECOGNIZING THAT SUCH LEVEL WILL BE SIGNIFICANTLY LOWER THAN EXISTING PRICES AND HIGHER THAN PRICES OBTAINING BEFORE OCTOBER 1973.

- AN OVERALL FRAMEWORK OF COOPERATION IN PROVIDING SPECIFIC MEASURES OF ASSISTANCE, INCLUDING, WHERE THE CASE MAY BE, INTERNATIONAL, FINANCIAL AND TECHNOLOGICAL COOPERATION, TO STIMULATE AND INCREASE INVESTMENT IN ENERGY ON A PROJECT-BY-PROJECT BASIS APPLIED TO BOTH LOWER-, AND WHERE JUSTIFIED, HIGHER-COST PROJECTS.

- COOPERATION IN ENERGY RESEARCH AND DEVELOPMENT, INCLUDING JOINTLY SUPPORTED PROJECTS INVOLVING THE POOLING OF NATIONAL RESEARCH AND DEVELOPMENT EFFORTS.

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C O N F I D E N T I A L SECTION 04 OF 04 OECD PARIS 05998

3. THAT POLICIES IMPLEMENTING THE ABOVE MEASURES WILL
BE DEVELOPED, WITHIN EXISTING LEGISLATIVE AND CONSTITU-
TIONAL LIMITATIONS, ON A BASIS DESIGNED TO:

- RESULT IN INCREASED ENERGY PRODUCTION WITHIN IEA
COUNTRIES;
- RESULT IN FAIR TREATMENT OF PARTICIPATING COUN-
TRIES IN RESPECT OF ENERGY PRICES;

- FACILITATE NON-DISCRIMINATORY ENERGY TRADE AND INVESTMENT AMONG IEA COUNTRIES;

- ASSIST THE ESTABLISHMENT OF A FAIR ECONOMIC AND SOCIAL BALANCE BETWEEN PARTICIPATING COUNTRIES WHEN FIXING THE LEVEL REFERRED TO IN PARAGRAPH 2 ABOVE;

- TAKE ACCOUNT OF ENIRONMENT PROTECTION.

4. TO ESTABLISH AND IMPLEMENT OVERALL REVIEW PROCEDURES TO ASSIST THE PUTTING INTO EFFECT OF THE MEASURES AND POLICIES ABOVE BY PARTICIPATING COUNTRIES, AND ALSO TO ASSESS, IN QUANTITATIVE TERMS, THE REDUCTION OF DEPENDENCE ACHIEVED BY PARTICIPATING COUNTRIES THROUGH THE PUTTING INTO EFFECT OF THE ABOVE MEASURES AND POLICIES, AND THROUGH THE REALIZATION OF NATIONAL PLANS TO CONFIDENTIAL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENT DRAFT, FOREIGN INVESTMENTS, FINANCIAL COOPERATIVES, INTERGOVERNMENTAL COOPERATION
Control Number: n/a
Copy: SINGLE
Draft Date: 07 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ellisoob
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975OECDP05998
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750081-0067
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750372/aaaacmta.tel
Line Count: 519
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 10
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ellisoob
Review Comment: n/a
Review Content Flags:
Review Date: 03 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 APR 2003 by KelleyW0>; APPROVED <17 SEP 2003 by ellisoob>
Review Markings:

Margaret P. Grafeld
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EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IEA: GOVERNING BOARD DECISION ON ACCELERATED DEVELOPMENT
TAGS: ENRG, EINV, EFIN, OECD, IEA
To: STATE
Type: TE
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